Global Civil Society
Dimensions of the Nonprofit Sector

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BACKGROUND

Nonprofit organizations in the Netherlands are traditionally referred to as “private initiatives” or the “societal midfield,” and—as the data reported here will show—Dutch society features a “midfield” of quite substantial proportions. While the Dutch nonprofit scene matches the overall Western European pattern quite well in terms of structure, composition, and financing, it greatly exceeds most of its Continental European counterparts in terms of size. In fact, in relative terms, the Netherlands boasts the largest nonprofit sector among all countries included in this study. For the most part, this reflects the deeply rooted Dutch tradition of subsidiarity accommodating different religious and ideological camps by leaving the provision of crucial services to nonprofit organizations affiliated with such groups. In a process that has come to be known as pillarization, the state largely restricted its role to the financing of services provided by the nonprofit sector. This division of labor, however, was not the result of a master plan or grand design, but of a slow and incremental process. First of all, the existence of private organizations in many areas of social life reflects the long and rich tradition of private initiatives. Secondly, the guiding
principle of subsidiarity kept the profile of the state low and created a prosperous environment for the growth and development of nonprofits. Thirdly, gradual increases in public support to nonprofit activities, most notably in education, health care, and social services, in combination with the postwar growth of the welfare state, boosted the economic significance of the nonprofit sector.

These conclusions emerge from a body of work carried out by a Dutch research team at the Social and Cultural Planning Office (SCP) as part of the Johns Hopkins Comparative Nonprofit Sector Project. It thus offered ample opportunities both to capture local Dutch circumstances and peculiarities and to compare and contrast them to those in other countries both in Western Europe and elsewhere in a systematic way. The result is a comprehensive empirical overview of the Dutch nonprofit sector and a systematic comparison of Dutch nonprofit realities to those elsewhere in Western Europe and the rest of the world.

The present chapter reports on just one set of findings from this project, those relating to the size and structure of the nonprofit sector in the Netherlands and elsewhere. Subsequent publications will fill in the historical, legal, and policy context of this sector and also examine the impact that this set of institutions is having. The data reported here draw heavily on industry reports from the Dutch Statistics Office, various data sources from umbrella organizations, and annual reports from individual agencies. Unless otherwise noted, financial data are reported in U.S. dollars at the 1995 average exchange rate. (For a more complete statement of the sources of data, see Appendix C. For a more complete statement of the types of organizations included, see Chapter 1 and Appendix A).

PRINCIPAL FINDINGS

Five major findings emerge from this work on the scope, structure, financing, and role of the nonprofit sector in the Netherlands:

1. A major economic force

In the first place, aside from its social and political importance, the nonprofit sector turns out to be a huge economic force in the Netherlands, accounting for substantial shares of national expenditures and employment. More specifically:

• A $60 billion industry. Even excluding its religion component, the nonprofit sector in the Netherlands had operating expenditures of
$60.4 billion in 1995, or 15 percent of the country’s gross domestic product, a quite substantial amount.³

- **A major employer.** Behind these expenditures lies an important workforce that includes the equivalent of nearly 653,000 full-time equivalent paid workers. This represents 12.6 percent of all nonagricultural workers in the country, 28 percent of service employment, and the equivalent of nine-tenths of the government employment at all levels—federal, state, and municipal (see Table 7.1).

- **More employees than in the largest private firm.** Put somewhat differently, nonprofit employment in the Netherlands easily surpasses the employment in the largest private business in the country, and does so by a factor of 2 to 1. Thus, compared to the 653,000 paid workers in the Dutch nonprofit organizations, the largest private corporation in the Netherlands, Unilever, employs only 308,000 workers (see Figure 7.1).

- **Outdistances numerous industries.** Indeed, more people work in the nonprofit sector in the Netherlands than in many entire industries in the country. Thus, as shown in Figure 7.2, nonprofit employment in

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**Table 7.1** The nonprofit sector in the Netherlands, 1995

<table>
<thead>
<tr>
<th>$60.4 billion in expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>— 15.3 percent of GDP</td>
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652,800 paid employees

| — 12.6 percent of total nonagricultural employment |
| — 27.9 percent of total service employment        |
| — 89.8 percent of public employment               |

---

**Nonprofits**

![653,000 people](image)

**Largest Private Company (Unilever)**

![308,000 people](image)

**Figure 7.1** Employment in nonprofits vs. largest firm in the Netherlands, 1995
the Netherlands outdistances employment in the country’s utilities, textiles, printing, chemical, and transport industries. Indeed, employment in the nonprofit sector in the Netherlands slightly exceeds employment in all of these industries combined.

- **Volunteer inputs.** Even this does not capture the full scope of the nonprofit sector in the Netherlands, for this sector also attracts a considerable amount of volunteer effort. Indeed, according to various surveys, the share of the Dutch population that reports contributing a portion of their time to nonprofit organizations ranges between 30 percent and 50 percent. Using the more conservative estimate of 30 percent, this translates into another 390,000 full-time equivalent employees, which boosts the total number of full-time equivalent employees of nonprofit organizations in the Netherlands to one million, or 19 percent of total employment in the country (see Figure 7.3).

- **Religion.** The inclusion of religion would add to these totals another 7,500 paid employees and 35,000 full-time equivalent volunteers. With religion included, nonprofit paid employment rises to 12.7 percent of the total and paid plus volunteer employment to 19.4 percent. Religion also increases the operating expenditures slightly by $540 mil-

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**Figure 7.2** Nonprofit employment in the Netherlands in context, 1995

The chart shows employment in various sectors in the Netherlands, including:
- **Transport:** 360,000 employees
- **Chemical mfg.:** 110,000 employees
- **Printing:** 74,000 employees
- **Textile mfg.:** 43,000 employees
- **Utilities:** 42,000 employees
- **Nonprofit sector:** 653,000 employees

The nonprofit sector outnumbers employment in the country’s utilities, textiles, printing, chemical, and transport industries.
lion, thus bringing total expenditures to $61 billion, the equivalent of 15.5 percent of gross domestic product.

2. One of the largest nonprofit sectors in Western Europe and the world

Not only is the Dutch nonprofit sector large in relation to the Dutch economy, but it is also very large relative to its counterparts elsewhere in Western Europe and world-wide.

- **Largest nonprofit sector world-wide in relative terms.** As Figure 7.4 shows, the relative size of the nonprofit sector varies greatly among countries. The Netherlands, however, outdistances all the other countries studied in the relative size of its nonprofit sector. In fact, the Dutch nonprofit sector’s 12.6 percent share of total nonagricultural employment is two-and-a-half times the overall 22-country average of 4.8 percent.

- **Also considerably above the Western European and other developed countries averages.** While it is about two-and-a-half times the 22-country
average, moreover, nonprofit employment as a share of total employment is also considerably higher in the Netherlands than it is elsewhere in Western Europe and in other developed countries. Thus, as shown in Figure 7.5, full-time equivalent employment in nonprofit organizations in the Netherlands, at 12.6 percent of total employment, is still 1.8 times
the averages of Western Europe and other developed countries (6.9 percent). However, there are two other Western European countries with similar highly developed nonprofit sectors—Ireland with 11.5 percent and Belgium with 10.5 percent.

- **Margin does not change with volunteers.** This margin does not change, moreover, when volunteers are added. Thus, with volunteer time included, nonprofit organizations account for close to 19 percent of total employment in the Netherlands, as compared to the Western European average of 10 percent (see Figure 7.5)—still about twice as large.

### 3. A rich history of nonprofit activity

That the nonprofit sector is relatively highly developed in the Netherlands reflects the long and rich history that such institutions have had in this country. This history includes:

- A long tradition of private initiatives and the absence of a centralist state. Since its independence, the Netherlands has been predominantly a burghers’ country, or bourgeois society. In this environment,
private initiative thrived and met little opposition from the state. On the contrary, the state often endorsed and supported nonprofits.

• The process of “pillarization,” which further boosted nonprofit activities beginning in the latter half of the 19th century. The segmentation of society along religious and political lines, typically referred to as pillarization, led to the creation of large numbers of religiously or ideologically affiliated nonprofit organizations including schools, hospitals, political parties, labor unions, broadcasters, and welfare organizations.

• The numerous nonprofit organizations that originated in non-pillarized and non-sectarian activities, which also have a long and diverse history.

• A widespread pattern of public funding to core nonprofit activities, which first emerged in primary education, but later spread to health and social services. The extension of the welfare state thus boosted nonprofit action in the Netherlands.

• The long-standing and deeply engrained preference for private over state provision, which finally ensured and safeguarded the pivotal position of nonprofit organizations even as Dutch society began to de-pillarize starting in the 1960s.

4. Social service dominance

Unlike other Western European countries, health clearly dominates the nonprofit scene in the Netherlands.

• **Forty-two percent of nonprofit employment in health.** Of all the types of nonprofit activity, the one that accounts for the largest share of nonprofit employment in the Netherlands is health. As shown in Figure 7.6, 42 percent of all nonprofit employment in the Netherlands is in this field. While this greatly exceeds even the Western European average of 22 percent, it is also more than twice the 22-country average of 20 percent. This reflects a deliberate functional division of labor in health care provision with institutional care largely left to the nonprofit sector. As health institutions mostly take the nonprofit form, nonprofits account for 70 percent of total employment in health overall. In turn, about 70 percent of patients receive treatment in nonprofit hospitals. Government institutions are clearly in the minority, and decreasing as well. For-profit activities are restricted to the medical professions such as general practitioners, medical specialists, and dentists.

• **Large nonprofit presence in education.** Another sizable portion (28 percent) of total nonprofit employment in the Netherlands is in the
education field. This is exactly on par with the Western European average and only slightly below the 22-country average of 30 percent. This reflects for the most part the fact that education has been one of the main areas of pillarization in Dutch society. Confessional schools still dominate private education, despite the fact that the majority of
their pupils, staff, and teaching practices no longer reflect the original denominations.

- **Relatively large share of nonprofit employment in social services.** Compared to the overall 22-country average, the social services field absorbs a slightly larger share of nonprofit employment in the Netherlands. Thus, while social services absorbs about 18 percent of nonprofit employment on average, it accounts for 19 percent of nonprofit employment in the Netherlands. However, the social service share in the Netherlands is only about two-thirds of the Western European average of 27 percent. Compared to education and health, social services is a smaller field of both nonprofit and total activities.

- **Limited nonprofit development and advocacy employment.** Compared to the employment in nonprofit health, education, and social welfare organizations, the share of Dutch nonprofit employment in the development field and in the related fields of advocacy and environmental protection is less pronounced. Altogether, these fields absorb only 4 percent of all nonprofit employment in this country, or considerably less than the 22-country average of 9 percent. An additional approximately 7 percent of nonprofit employees fall into other categories, including culture and recreation (4.1 percent) and professional associations and unions (2 percent). However, while the shares of these groups in nonprofit employment are modest in comparative perspective, it should be kept in mind that they represent shares of—in relative terms—a very large nonprofit employment total. Indeed, in relation to other indicators, such as total nonagricultural employment, nonprofit involvement in these fields may still be larger than in many other countries.

- **Pattern shifts with volunteers.** This pattern changes considerably, however, when volunteer inputs are factored in. In particular, as shown in Figure 7.7, with volunteers included, the relative share of health and education in nonprofit employment declines considerably from about 70 percent of paid employment to only a little more than half of combined paid and volunteer employment. While social services gains slightly, the culture and recreation share almost quintuples from 4.1 percent to 17.3 percent, largely due to sports-related volunteering. The advocacy and environment share also increases significantly from less than 2 percent to 5 percent.

In sum, core welfare services overwhelmingly dominate the composition of the Dutch nonprofit sector, with nine out of every ten paid employees working in the health, education, and social services fields. Even with volunteer labor added, these three fields account for almost three-quarters of
combined paid and volunteer employment. This closely reflects the cooperative relationships between the state and crucial parts of the nonprofit sector that have emerged in Dutch society in the pillarization context since the latter half of the 19th century. All other nonprofit activities account for...
only 10 percent of employment and 17 percent of expenditures, but for almost 54 percent of volunteers. This shows that Dutch nonprofit organizations outside the welfare area depend less on paid labor, are able to attract more direct citizen involvement, and are generally less professionalized and monetarized than nonprofit welfare service providers.

5. Most revenue from the public sector, not philanthropy or fees

Consistent with the state-nonprofit sector relationships that resulted from pillarization, the Dutch nonprofit sector receives the bulk of its revenue not from private philanthropy or fees, but from public sector sources. In particular:

- **Public sector income dominant.** The overwhelmingly dominant source of income of nonprofit organizations in the Netherlands is public sector payments. As reflected in Figure 7.8, this source alone accounts for almost 60 percent of all nonprofit revenue in this country. Public sector income is comprised of direct government support and health insurance payments in equal measure.

- **Limited support from philanthropy and private fees and charges.** By contrast, private philanthropy and fees provide much smaller shares of total revenues. Thus, as Figure 7.8 shows, private philanthropy—from individuals, corporations, and foundations combined—accounts for only 3 percent of nonprofit income in the Netherlands, while fees and charges account for 38 percent.

![Figure 7.8](image.png)  
**Figure 7.8** Sources of nonprofit revenue in the Netherlands, 1995
• **Revenue structure with volunteers.** This pattern of nonprofit revenue changes significantly when volunteers are factored into the picture. In fact, as shown in Figure 7.9, private philanthropy increases substantially from 3 percent to 24 percent with the inclusion of volunteers. However, it still remains behind fees and charges (30 percent) and public sector support (46 percent).

• **Revenue structure with religion.** The overall pattern of nonprofit finance in the Netherlands changes only slightly when account is taken of religious institutions, such as churches. Such religious institutions account for approximately one percent of the total revenue of the Dutch nonprofit sector. With religion included, therefore, the philanthropic share of total nonprofit revenue in the Netherlands rises from 2.7 percent to 3.4 percent. With volunteers included as well, private giving further increases to 26 percent, compared to 29 percent for fees and charges and 45 percent for public support (see Figure 7.10).

• **Similar to other Western European countries.** The pattern of nonprofit finance evident in the Netherlands is quite similar to that elsewhere in Western Europe. Thus, as shown in Figure 7.11, like the Netherlands, the nonprofit organizations in the other Western European countries included in this project (Austria, Belgium, Finland, France, Germany, Ireland, Spain, and the U.K.) derived on average the overwhelming majority of their revenues from public sector sources. Thus, compared to 59 percent in the Netherlands, the share of total nonprofit income coming from the public sector stood at

![Figure 7.9](image-url)
56 percent for all Western European countries. Although similar in tendency, the philanthropy share of nonprofit revenue in the Netherlands deviates from the regional average, with this source considerably weaker than elsewhere in the region (3 percent vs. 7 percent on average). Fees account for about the same share in the Netherlands as on average (38 percent vs. 37 percent).

- Deviation from the global average. While the revenue structure of the Dutch nonprofit sector generally mirrors that elsewhere in Western Europe, it differs considerably from that evident elsewhere in the world. Thus, as Figure 7.11 also shows, while fees and charges are the dominant element in the financial base of the nonprofit sector globally, their dominance is considerably more pronounced than it is in the Netherlands (49 percent of total revenue compared to 38 percent). By contrast, public sector payments comprise a considerably smaller share of nonprofit income in these other countries on average (40 percent vs. 59 percent in the Netherlands). Quite clearly, a different pattern of cooperation has taken shape between nonprofit organizations and the state in these other countries. Evidently, the pillarization-based partnership between state and nonprofit sector in the Netherlands has led to a substantial reliance on public sector support by nonprofits.

- Variations by subsector. Even this does not do full justice to the complexities of nonprofit finance in the Netherlands, however. This is so because important differences exist in the finances of nonprofit organizations by subsector. In fact, two quite distinct patterns of nonprofit finance are evident among Dutch nonprofits, as shown in Figure 7.12:
Fee-dominant fields. Fee income is the dominant source of income in six fields of nonprofit action for which data were gathered, ranging from philanthropy, where fees and charges (e.g. sales of lottery tickets and endowment income) account for 97 percent of total revenue, to the environmental field with a fee share of 61 percent. In the development field, the dominance of fee income largely results from rental income in the housing subgroup of this field. In professional associations and unions, as well as cultural and recreational organizations, membership dues turn out to be the most important revenue source.

Public sector-dominant fields. In four fields (health, education, social services, and international activities) the public sector plays the dominant role in financing nonprofit action in the Netherlands. In health, public payments with 96 percent are virtually the sole revenue source, and this is almost true as well for education, where public support accounts for 91 percent of revenues. Government support is somewhat less pronounced in the social services (66 percent), where fee income accounts for about one-third of revenues. Although nonprofit relief agencies receive only a small part of the 0.8 percent of GNP that the Dutch government spends on international assistance, public sector support is the largest revenue source in this field as well.
CONCLUSIONS AND IMPLICATIONS

The nonprofit sector thus emerges from the evidence presented here as both a sizable and rather complex set of institutions in Dutch society. In
fact, with its 12.6 percent share of nonagricultural employment, it is the largest nonprofit sector in the group of 22 countries. The structure and financing of the sector show the dominance of collectively organized solidarity over private charity. The welfare services of health, education, and social services are the largest fields of nonprofit activity. Public sources of revenue account for 59 percent of the sector’s income, while private fees and private giving account for 38 percent and 3 percent, respectively. In the Netherlands, the role of the nonprofit sector goes beyond delivery of social welfare services alone; its activities in culture, leisure, advocacy, international solidarity, environment, religion, philanthropy, and volunteering also contribute to a vibrant social life. The realm outside the welfare state services is the home of most civil society organizations. Public discourse, community-building, and citizen participation are important but difficult to isolate and measure.

The nonprofit sector’s key features such as its size, structure, and revenue base are a clear reflection of its long and rich history: the tradition of private initiatives, the process of pillarization, and the scheme of private delivery and public funding. In the years ahead, nonprofits will struggle to find a new balance among sources of income. With public support under pressure, attention will shift to more market income and private giving.

It is of utmost importance to recognize the nonprofit sector not only as a major economic force, but also as an institutional reality. The sector is private and nongovernmental, yet vulnerable to changes in public policies and support. Issues such as measurement, accounting, autonomy, and accountability deserve better attention. The significance of nonprofits is, if at all, generally recognized at the field level only. The next step is to enhance awareness at the sector level and to show that the sector is more than simply the sum of its parts.

ENDNOTES

1. The work in the Netherlands was coordinated by Paul Dekker and Ary Burger of the Social and Cultural Planning Office (SCP), who acted as local associates to the project. Important contributions, however, were also made by Vic Veldheer (SCP) on history, Tymen van der Ploeg and Wino van Veen (Vrije Universiteit) on legal issues, Peter Hupe and Lucas Meijs (Erasmusuniversiteit) on the impact work, Jan van Heemst on international organizations, and Joep de Hart (SCP) on advocacy organizations. The team was aided, in turn, by a local advisory committee made up of eight prominent philanthropic, government, academic, and nonprofit leaders (see Appendix D for a list of committee members). The Johns Hopkins Project was directed by Lester M. Salamon and Helmut K. Anheier.

2. The definitions and approaches used in the project were developed collaboratively with the cooperation of the Dutch researchers and researchers in other countries and were designed to be applicable to the Netherlands and the other project countries. For a full description of this definition and the types of organizations included, see Appendix A. For a full list
of the other countries included, see Chapter 1 above and Lester M. Salamon and Helmut K.
Anheier, *The Emerging Sector Revisited: A Summary, Revised Estimates* (Baltimore, MD: The Johns
Hopkins Center for Civil Society Studies, 1999). For a Dutch discussion of the application of
the definition in the Netherlands, see Ary Burger and Paul Dekker, “De grootste non-profit

3. Technically, the more precise comparison is between nonprofit contribution to “value
added” and gross domestic product. For the nonprofit sector, “value added” in economic
terms essentially equals the sum of wages and the imputed value of volunteer time. On this ba-
sis, the nonprofit sector in the Netherlands accounted for 11.2 percent of total value added,
still a quite significant amount.

4. For a more detailed discussion, see Ary Burger, Paul Dekker, Tymen van der Ploeg, and
Wino van Veen, “Defining the Nonprofit Sector: The Netherlands.” *Working Papers of the Johns
Hopkins Comparative Nonprofit Sector Project*, No. 23. (Baltimore, MD: Johns Hopkins Center for
Civil Society Studies, 1997).